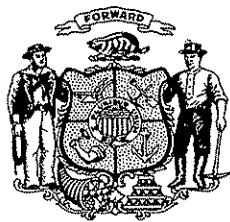


STATE OF WISCONSIN

SENATE CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: December 16, 2009

Re: Department of Children and Families Monthly Report on the Wisconsin Shares Program

Attached is a report on the Wisconsin Shares Program from the Department of Children and Families.

The report is being provided at the request of the Co-Chairs to review progress on fraud prevention and investigation and on overpayment collections. The Co-Chairs requested the report be submitted to the Committee by the 15th of each month.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP;jm

Jim Doyle
Governor

Reggie Bicha
Secretary



State of Wisconsin
Department of Children and Families

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December 15, 2009

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BY: St. Finance

Honorable Mark Miller, Senate Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

Honorable Mark Pocan, Assembly Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53702

Dear Senator Miller and Representative Pocan:

Pursuant to your request for monthly reports to the Joint Committee on Finance on the Department of Children and Families' (DCF) progress on fraud prevention and investigation and overpayments related to the Wisconsin Shares program, the Department submits its second monthly report covering November 2009 activities.

The Department continues to take aggressive action to eliminate fraud in the Wisconsin Shares program. We have identified anomalies in provider payment patterns and behavior that suggests the potential for program violations and then acted swiftly. The Department is using licensing records to identify patterns of inaccurate attendance reporting and we are connecting information from a variety of sources to identify fraudulent behavior. In the past three months, the Department has suspended providers that were referred by law enforcement, parents, and current and former employees of fraudulent providers.

The Department is further investigating each case by analyzing attendance records to identify examples of suspicious attendance records and overpayments based on inaccurately reported hours. Our investigators are verifying that hours reported by employees with children enrolled at a program matched those hours that their children attended. We are comparing Unemployment Insurance records, which reflect paid wages, to the hours of work reported by employees to claim Shares eligibility and other state programs. We are also working closely with the Department of Revenue and requesting tax records of suspected fraudulent providers to ensure that income from the Shares program was reported to the Department of Revenue in an accurate and timely way.

Senator Mark Miller
Representative Mark Pocan
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Wisconsin Shares Fraud Prevention, Detection and Recovery Expenditures, November 2009

Expenditures related to fraud prevention and investigation: \$245,600

The above amount represents the November 2009 costs of the recently created child care program integrity unit (Fraud Detection and Investigation); information technology programming costs for conducting data matches and analysis; and an estimate of the child care/TANF portion of costs related to state public assistance fraud and program integrity staff. Because counties have up to one month to submit their costs on Wisconsin Shares fraud prevention, detection and recovery, these expenditures are not yet available for November.

Expenditures related to recovering overpayments due to error or fraud: \$45,700

The Public Assistance Collections Unit (PACU) of DCF coordinates the Department's efforts to collect public assistance overpayments, including Wisconsin Shares, which are attributed to participant error or fraud. The November 2009 expenditures related to recovering overpayments due to error or fraud are estimated to be \$45,700.

Overpayment and/or restitution collected by DCF: \$65,300

In November, DCF collected \$40,000 in child care overpayments that were the responsibility of the individual for whom the child care subsidy was paid and \$25,300 child care overpayments that were the responsibility of child care providers. These collections are the result of ongoing efforts to recover historical overpayments. Most collections to date are due to DCF as a result of an administrative finding that an overpayment has occurred.

Overpayment and/or restitution collected by other agencies: \$0

We are not aware of overpayments and/or restitution collected by other agencies in November 2009. DCF's PACU is the primary collection agency for public assistance overpayment and has access to a broader range of collection tools, notably including interception of tax refunds and administrative liens and levies.

Providers Suspended from the Wisconsin Shares Program, November 2009

During the month of November, the Department of Children and Families suspended payments to 13 child care providers. As requested, enclosed is the list of providers suspended from the Wisconsin Shares program based on reasonable suspicion of fraud, pending felony charges substantially related to the care of children, or conviction substantially related to the operation of a business.

Of the 13 suspended providers, 11 were in Milwaukee County. The circumstances surrounding the suspension of each of the 11 providers in Milwaukee County described here have been reviewed with the Child Care Anti-Fraud Task Force, which includes representation from multiple law enforcement agencies.

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While we have not established overpayments for all of the child care centers suspended in November, for child providers that were suspended through the month of October, \$684,213 of overpayments have been established year-to-date. For most providers suspended in November, calculations of overpayments are currently being conducted by Milwaukee County and DCF staff.

I appreciate your continued attention to these important issues and look forward to ongoing communication on our progress in our efforts to restore the Wisconsin Shares program to its noble intended purpose.

Sincerely,



Reggie Bicha
Secretary

cc: Michael Morgan, Department of Administration
Bob Lang, Legislative Fiscal Bureau

Providers Suspended from the Wisconsin Shares Program

November 2009

Child Care	County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
Anitra's Precious Family Day Care	Milwaukee	11/07/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through an anonymous tip to the Fraud Hotline, quantitative data, and an in person visit.	Yes	Overpayment establishment pending per formal investigation completion.	Yes	N/A
Challunda Smith	Milwaukee	11/07/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through an anonymous tip to the Fraud Hotline, quantitative data, and an in person visit. The first on-site visit was unable to gain access to the facility. The second on-site visit was able to gain access and in reviewing the attendance records it was found that children were reported as attending on the day of the first visit, although none were observed in attendance due to lack of access.	Yes	Overpayment establishment pending per formal investigation completion.	Yes	N/A
Kiddie Land Cc&Lrng Ctr Llc	Racine	11/07/2009	The provider has a pending felony charge substantially related to the care of children. Provider's license is being revoked due to pending felony charges that are substantially related to the care of children or the activities of the center.	Yes	Overpayment establishment pending per formal investigation completion.	Yes	N/A

Child Care	County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
Cheryl Smith	Milwaukee	11/07/2009	First on-site visit was unable to gain access. During 2nd on-site visit, no children were initially present until one child was dropped off after investigators arrived. Provider stated to investigators that three of the children had stopped attending 10-3-09; however, the provider billed for perfect attendance by those three children during subsequent weeks.	Yes	Overpayment established pending per formal investigation completion.	Yes	N/A
Diddy Duckies Children Education Center	Milwaukee	11/07/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through an anonymous tip to the Fraud Hotline, quantitative data, and in person visits. Provider has 17 children authorized with the capacity to serve 8. Red flags include perfect attendance, high reimbursement per slot, and high number of authorizations per slot. During 3 investigator visits, no children were seen at the facility. State licenser also indicates several no access visits and that no more than one child has ever been witnessed to be in attendance.	Yes	Overpayment established pending per formal investigation completion.	Yes	N/A

Child Care Center	County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
Doors to Explore	Milwaukee	11/14/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing perfect reported attendance and in person visits. In reviewing the attendance records, it was observed that the attendance hours reported for many of the children and their siblings did not match the employment hours of their parents. The attendance reporting appeared to be manipulated in order to maximize payments while still appearing to not be over licensed capacity.	Yes	Overpayment established pending per formal investigation completion.	Yes	N/A
Audrey's Lil Angels Learning Center	Milwaukee	11/14/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider was earning over \$15,500 annually per licensed slot, was being paid for over 98% of the capacity hours possible, and 54% of the children served were children of employees of the provider. During the first site visit, the attendance records were not available for inspection as is required by Wisconsin statute thus confirming a reasonable suspicion of fraud. During the second site visit, records were available and are currently under review; there was only one child at the center with one more arriving during the visit.	Yes	Overpayment established pending per formal investigation completion.	Yes	N/A

Child Care County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
Wings of Wonder Children Center	11/14/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider was earning over \$15,500 annually per licensed slot and serves more than 3 children per licensed slot. During the site visit, the attendance records were not available for inspection as is required by Wisconsin statute thus confirming a reasonable suspicion of Wisconsin Shares violations. The daily attendance record showed two children present who were not actually at the center when the investigators were on site.	Yes	Overpayment established pending per formal investigation completion.	Yes	N/A
Chiemsee Castle	11/16/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. The provider was referred to the Department as a Hotline tip and through Winnebago County. The provider was unable to provide historical attendance records to neither the County nor the Department. According to the provider the records were accidentally destroyed however the way in which they were destroyed changed in the provider's story. When comparing the provider's electronic attendance files with billed hours along with parent interviews it became apparent that the provider has billed for children attending when they were not actually at the center.	Yes	Overpayment established pending per formal investigation completion.	Yes	N/A

Child Care	County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
Active Minds	Milwaukee	11/14/2009	This provider's license has been revoked for failing to report that a known felon was living in the home and for behavior that placed children at risk. The Department of Children and Families has suspended this provider due to a variety of serious red flags. The provider was earning over \$23,000 per child on an annual basis. The provider also reports to serve 3.75 children per licensed slot. These quantitative red flags combined with other investigative evidence create a reasonable suspicion that the provider is violating the Wisconsin Shares program.	Yes	Overpayment establishment pending per formal investigation completion.	Yes	N/A
T's & M's Little Angels CDC	Milwaukee	11/21/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$14,000 annually per child and serving 3 children per licensed slot. Two children that the provider indicated to investigators had not attended during the past month continue to be billed for by the provider.	Yes	Overpayment establishment pending per formal investigation completion.	Yes	N/A

Child Care	County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
True's Family Day Care	Milwaukee	11/21/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$15,500 annually per child and serving 2.5 children per licensed slot. Although data would indicate the provider has children at maximum capacity for the 18 hours they are open, investigators have not been able to gain access to the facility in two separate visits.	Yes	Overpayment establishment pending per formal investigation completion.	Yes	N/A
CJ's Learning Academy	Milwaukee	11/21/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$20,670 annually per child and serving 3.6 children per licensed slot. In reviewing the attendance records, it is apparent that the provider has manipulated the billing hours in order to appear under capacity in a way such that the children's billed hours do not match the employment hours of the parents.	Yes	Overpayment establishment pending per formal investigation completion.	Yes	N/A